



County of Los Angeles CHIEF EXECUTIVE OFFICE

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WILLIAM T FUJIOKA
Chief Executive Officer

April 8, 2010

To: Supervisor Gloria Molina, Chair
Supervisor Mark Ridley-Thomas
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: William T Fujioka
Chief Executive Officer

A handwritten signature in black ink, appearing to read "W. T. Fujioka", is written over the printed name and title.

Board of Supervisors
GLORIA MOLINA
First District

MARK RIDLEY-THOMAS
Second District

ZEV YAROSLAVSKY
Third District

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Fourth District

MICHAEL D. ANTONOVICH
Fifth District

SACRAMENTO UPDATE

This memorandum contains a pursuit of position on legislation to eliminate the California and county First 5 Commissions; a status of County-advocacy legislation related to the Property Assessed Clean Energy (PACE) Program; and status updates on three County-interest bills related to financing of renewable energy sources, onsite sewer improvements, and California Environmental Quality Act (CEQA) exemptions.

Pursuit of County Position on Legislation

SB 1109 (Cox), as introduced on February 17, 2010, would: 1) abolish the First 5 California and the county First 5 Commissions throughout the State; 2) eliminate the allocation of Proposition 10 funds to the State and county First 5 Commissions; 3) redirect all future Proposition 10 revenues to the State General Fund for the Healthy Families and Medi-Cal programs, subject to voter approval; and 4) reallocate unencumbered Proposition 10 revenues earmarked for local control to county offices of education, counties and incorporated cities.

In November 1998, voters approved Proposition 10, the California Children and Families Act, which increased taxes on tobacco products to fund programs to improve the health and development of children from zero to five years of age and their families. Proposition 10 revenues generate over \$500 million annually for these services. This initiative also established the California and county Children and Families Commissions (First 5 Commissions) to administer these programs. The allocation of funding provides for 20 percent to the First 5 California Commission and the remainder (80 percent) to county First 5 Commissions. County First 5 Commissions are required to provide

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services in the following three areas: 1) child health; 2) child development; and 3) support to improve family outcomes. The commissions have the authority to develop initiatives and prioritize funding to meet the needs of young children and their families, which may include enhancing the quality of child care and development programs and funding health care services.

If enacted, SB 1109 would redirect all future Proposition 10 revenues to the State General Fund for the Healthy Families and Medi-Cal programs. The bill also would reallocate unencumbered Proposition 10 revenues that are earmarked for local community programs and place those funds in a local Children and Families Trust Fund and redistributed as follows:

- 50 percent of the funds would be allocated to county offices of education. The county offices of education would share the funds with local school districts using a formula based on average daily attendance. The funds could be used for any lawful purpose related to the operation of the county office of education or school district. Each county office of education may retain up to \$60,000 for administrative purposes.
- 50 percent of the funds would be allocated to county treasurers. Half of the funds would be deposited in the county general fund and the remaining funds would be allocated to incorporated cities based on a per capita basis. SB 1109 does not restrict the use of these funds by counties or cities.

The California State Association of Counties (CSAC) indicates that county First 5 Commissions currently fund a variety of health care services throughout the State, including large portions of the Healthy Families Program, and Children's Health Initiatives (CHI) in some counties where Proposition 10 revenues represents the single largest funder of insurance premiums for children. According to CSAC, in counties without CHI resources, county commissions have worked to offer outreach and insurance applications assistance into virtually their entire local workforce to ensure children are enrolled in the insurance programs for which they are eligible.

The Department of Children and Family Services (DCFS) indicates that First 5 provides services and resources such as child care, pre-school and child abuse prevention programs to families served by the Department. SB 1109 would eliminate the multiple services currently provided by First 5 LA, which are designed to meet the needs of the County's neediest families and youngest children. These services include: prenatal care, health and nutrition programs, school readiness, developmental screenings and assessments, parental education and support, universal preschool, oral health services,

child abuse prevention efforts, family literacy, anti-obesity programs, school readiness programs and workforce development.

SB 1109 is similar to County-opposed SB 893 of 2007, SBX1 5 of 2007, SBX3 16 of 2008, and SBX8 41 of 2010. All of these measures failed to pass out of the first policy committee. DCFS and this office oppose SB 1109. Therefore, consistent with Board policy to oppose legislation which would shift Proposition 10 revenues from county First 5 Commissions, including First 5 LA, undermine local decision-making authority, and take Proposition 10 revenues away from families and young children, **the Sacramento advocates will oppose SB 1109.**

SB 1109 is opposed by CSAC. There is no registered support on file. Prior similar legislation, SB 893, SBX1 5, SBX3 16 and SBX8 41 were opposed by the First 5 Association of California, First 5 LA, CSAC, numerous county boards of supervisors and First 5 Commissions. The bill is scheduled for a hearing on April 14, 2010 in the Senate Health Committee.

Status of County-Advocacy Legislation

County-supported SB 77 (Pavley), as amended on March 22, 2010, which would require the establishment of a PACE Reserve Program designed to assist local jurisdictions in financing the installation of distributed generation of renewable energy sources or energy or water efficiency improvements that are permanently affixed on real property through the use of a voluntary contractual assessment, passed the Assembly Appropriations Committee on April 7, 2010 by a vote of 10 to 3.

This measure, which would establish a State financed reserve fund of up to 10 percent for local PACE bonds on owner occupied properties meeting PACE criteria, and authorize the California Energy Commission to use future American Recovery and Reinvestment Act funds and/or similar Federal funding to support the PACE Program and reduce local program costs, now proceeds to the Assembly Floor.

Status of County-Interest Legislation

AB 1873 (Huffman), as amended on April 5, 2010, would authorize the State Air Resources Board to use AB 32 revenues paid from sources of greenhouse gas emissions, to purchase bonds to finance the installation of distributed generation renewable energy sources or energy or water efficiency improvements, upon appropriation by the Legislature for this purpose. This measure is currently in the Assembly Natural Resources Committee awaiting a hearing date.

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AB 2182 (Huffman), as amended on April 5, 2010, would authorize local jurisdictions and willing property owners to enter into voluntary contractual assessments to finance the installation of onsite sewer improvements that are permanently fixed to residential, commercial, industrial, agricultural, or other real property to improve the quality of surface water and groundwater. The bill applies to the installation of improvements to, and replacements of, existing onsite sewer facilities served by a community sewer system and conversion of the property from a septic system to community sewer collection and treatment service.

The bill defines "onsite sewer improvements" to mean permanent sewer improvements fixed to real property that convey sewage from the property's interior plumbing to the point of discharge into the public agency's sewer facilities, and may include, but is not limited to, pipes, pumps, other equipment, sewer laterals, septic system abandonment, or one-time charges for sewage treatment capacity associated with the improvements. AB 2182 is currently set for a hearing on April 28, 2010, in the Assembly Local Government Committee.

SB 1010 (Correa & Cogdill), as introduced on February 10, 2010, which would enact the "CEQA Litigation Protection Pilot Program of 2010" that would require the Business, Transportation and Housing Agency to select 25 projects each year for the next five years and grant them immunity from the environmental and public participation requirements of CEQA, failed passage in the Senate Environmental Quality Committee on April 5, 2010 by a vote of 2 to 4. The bill, which has a sunset date of January 1, 2016 and contains an urgency clause, was granted reconsideration.

We will continue to keep you advised.

WTF:RA
MR:RM:EW:er

c: All Department Heads
Legislative Strategist
Local 721
Coalition of County Unions
California Contract Cities Association
Independent Cities Association
League of California Cities
City Managers Associations
Buddy Program Participants